

Message Text

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PAGE 01 PRAGUE 01974 060746Z

15

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 /072 W

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R 051335Z AUG 75

FM AMEMBASSY PRAGUE

TO AMEMBASSY LUXEMBOURG

SECSTATE WASHDC 8588

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

UNCLAS PRAGUE 1974

E.O. 11652: N/A

TAGS: BEXP, ETRD, CZ

SUBJ: POSSIBLE CZECHOSLOVAK TRADE WITH US SUBSIDIARIES IN
BENELUX

REF: A. LUXEMBOURG 569; B. PRAGUE 1891

1. CZECH END-USERS OPENLY ACKNOWLEDGE THAT CONSTRUCTION EQUIPMENT MANUFACTURED IN CEMA COUNTRIES DOES NOT COMPARE IN PERFORMANCE OR RELIABILITY WITH WESTERN EQUIPMENT. END-USERS CONTINUALLY FIGHT TO JUSTIFY PURCHASES FROM HARD CURRENCY AREAS. ON TOP OF SHORTAGE OF HARD CURRENCY AVAILABLE FOR IMPORTS OF CONSTRUCTION EQUIPMENT, NEWCOMERS TO MARKET WILL ENCOUNTER FORMIDABLE COMPETITION FROM CATERPILLAR, WHICH HAS BEEN ESTABLISHED HERE FOR OVER TEN YEARS WITH AN AGGRESSIVE LOCAL STOCKING DISTRIBUTOR AND SERVICE ORGANIZATION.

2. EMBASSY SUGGESTS THAT FIRST STEP FOR NEWCOMERS IS TO SEND PRODUCT LITERATURE TO DR. MILOSLAV JANSA, STROJEXPORT FOREIGN TRADE CORPORATION (VACLAVSKE NAMESTI 56, PRAGUE 1, CZECHOSLOVAKIA), AND TO ING. JOSEF SEBESTA, DIRECTOR, SIMEX FOREIGN TRADE CORPORATION (VACLAVSKE NAMESTI 8, PRAGUE 1, CZECHOSLOVAKIA).

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PAGE 02 PRAGUE 01974 060746Z

THESE TWO FTO'S ARE MAIN IMPORTERS OF EARTHMOVING EQUIPMENT.

SECOND STEP IS FOR FIRMS SUCH AS G.M. TO SEND REPRESENTATIVES
TO PRAGUE TO MEET WITH JANSA, SEBESTA, AND OFFICIALS IN THE CZECH
AND SLOVAK MINISTRIES OF CONSTRUCTION. EMBASSY WILL BE HAPPY
TO ARRANGE SCHEDULE OF APPOINTMENTS FOR INTERESTED BUSINESS VISITORS.

3. THERE ARE NO PUBLIC TENDERS IN CZECHOSLOVAKIA. TYPICALLY, THE
WORD GOES OUT TO A SELECT GROUP OF LONGTIME, TRUSTED, WESTERN
SUPPLIERS THAT QUOTATIONS WOULD BE APPRECIATED FOR A PARTICULAR JOB.
NEWCOMERS SUCH AS TEREX MUST THEREFORE GAIN THE CONFIDENCE OF
KEY CZECH OFFICIALS, A PROCESS THAT MAY REQUIRE A HEAVY FRONT-END
INVESTMENT IN TIME AND EFFORT.

4. EMBASSY POUCHING COPIES OF "DOING BUSINESS IN CZECHOSLOVAKIA"
TO EMBASSY LUXEMBOURG (ATTN: E/COM SECTION) FOR POSSIBLE
DISTRIBUTION TO U.S. BUSINESS COMMUNITY PER PARA 4 REFTEL.

PERRY

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Message Attributes

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